LIBRARY
SUPREME COURT, U. S.

Office Supreme Court, U.S.
FILED
OCT 10 1962
JOHN F. DAVIS, CLERK

No. 343

In the

# Supreme Court of the United States

OCTOBER TERM, 1962

AKEHUN MANUFACTURING COMPANY, a corporation, and KENT INDUSTRIES, INC., a corporation,
*Petitioners,*

*v.*

NORTH STAR ICE EQUIPMENT COMPANY,
*Respondent.*

*On Petition for A Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit*

## REPLY MEMORANDUM FOR PETITIONERS

WILLIAM VANDERCREEK,
3315 Daniels,
Dallas 5, Texas,
*Attorney for Petitioners.*

WARWICK PRESS, INC.—2363 VALDINA STREET—DALLAS—RE 1-3150

No. 343

In the

# Supreme Court of the United States

OCTOBER TERM, 1962

AKSHUN MANUFACTURING COMPANY, a corporation, and KENT INDUSTRIES, INC., a corporation,

*Petitioners,*

*v.*

NORTH STAR ICE EQUIPMENT COMPANY,

*Respondent.*

*On Petition for A Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit*

## REPLY MEMORANDUM FOR PETITIONERS

To facilitate this Court's consideration of the Petition for Certiorari, this short reply will point up the respective positions of the parties, particularly in reference to the importance of this case and its conflict with *Graver Tank & Manufacturing Co. v. Linde Air Products Co., 336 U. S. 271, 339 U. S. 605.*

**1. Petition Correctly States Questions Presented**

Contrary to Respondent's contention (Brief in Opposition, pp. 2-3), the Questions Presented here do not involve for this Court a re-determination of the facts showing infringement. The trial court has already found the facts. The issue *here* is whether a court of appeals may: (1) disregard the trial court's findings of fact which were not clearly erroneous, and (2) determine the facts de novo, all because a portion of the trial record consisted of exhibits and other documentary evidence. This case directly concerns the scope of appellate review in patent cases. This problem is one of substantial public importance in which there is a great need for Supreme Court precedence. Respondent contends that the instant cause is but a usual and ordinary patent infringement case (Brief in Opp. p. 7). If it is the usual practice of the courts of appeal to try patent cases as trial de novo actions, then Petitioners submit this is all the more reason why this Court should speak. To permit such arbitrary fact finding disrupts the entire balance of appellate and trial court functions in this important area. The hundreds[1] of patent infringement cases tried annually in our courts present more than their fair share of protracted litigation. See Seminar on Protracted Cases for United States Judges, Problems in Patent Cases, 23 F.R.D. 319, 519-551 (Seminar conducted under auspices of the Judicial Conference of the United States).

[1] Annual Report of Director of Administrative Office of the United States Courts (1961), 767 patent cases commenced, fiscal year 1961, Table C2, p. 239; 807 patent cases terminated, Table C4, p. 247.

**2. Respondent's Brief Expressly Misrepresents the Nature of the Third Question Presented**

The trial court expressly refused to give the Respondent-Petitioner a declaratory judgment that the second patent in suit (#2,683,357) was either invalid or if valid not infringed because Respondent-Plaintiff had come into court with *unclean hands.*[2] The Seventh Circuit summarily held that the patent was invalid and stated in so doing that it was affirming the trial court's judgment. To Petitioner's complaint of such flagrant appellate conduct, third Question Presented, Respondent answers that the question "is an exercise in semantics and is without substance." (Brief in Opp. pp. 2-3.) Respondent does not even claim the trial court's thorough findings of unclean hands and bad faith is in error (Findings 13, 14, 15, App. A, Pet. for Cert., pp. A-4–A-5). Instead, Respondent argues that such fact determination is irrelevant because the *Seventh Circuit determined* the Respondent was not guilty of infringement in reference to another patent (Brief in Opposition, p. 6).

**3. Decision Below Does Conflict With Graver Tank & Manufacturing Company v. Linde Air Products Company, 336 U. S. 271 and 339 U. S. 605**

Respondent argues no conflict exists because Petitioners only argued a *probable* conflict (Brief in Opposition, p. 7).

[2] Respondent's principal, Branchflower hired inventor to build ice machine (inventor did not give up rights). After machine was found to work, Respondent "wrongfully appropriated" the invention and went into the ice machine business. See trial court's findings 13, 14, 15; App. A, Pet. for Cert., pp. A-4—A-5. Branchflower arranged for the inventor to disclose facts of invention to a patent attorney and then hired the same attorney in an unsuccessful attempt to obtain the patent. Respondent now claims not to be infringing. However, in the Canadian litigation, Branchflower again claims to be the inventor. See this Reply, p. 7, *infra.*

While it would seem that the Respondent is the one playing with semantics, Petitioners submit that they should not be penalized for understating their case. Conflict exists with *Graver* because the appellate court determined crucial and indeed *controlling* facts *de novo* rather than reviewing the trial court's findings under the clearly erroneous rule. Respondent implicitly recognizes this error by its quotation of the Seventh Circuit opinion:

> "We have before us Plaintiff's [Respondent's] Exhibit 21 * * * *'There is no leading portion to form or indent a groove in the ice sheet preparatory to and preceding the engagement of the inclined surface with the ice sheet.* Instead, there is a simple flat surface sweeping the ice downwardly. Since all portions of the ice-attacking inclined plane extend into the sheet of ice for substantially 95% of the ice thickness, the tool has no portion performing the groove-forming function of the claims of the Lees patent in suit.' * * *" (Brief in Opp. p. 8; *301 F. 2d 882, 885*; emphasis added.)

Such de novo *finding* by the *appellate court* is *contrary* to facts as found by the trial court *and to the evidence*. The trial court found:

> "12. The North Star ice removing tools exemplified by plaintiff's exhibit 21 *do have the leading portion element* of the knives called for in each claim of patent 2,659,212. The North Star ice-maker ice removal knives infringe claims 1 and 2 of the Lees patent in suit; the method by which the North Star knives operate infringe method claims 3 and 4[3] of the said patent in suit; and the North Star ice machines which incorporate the said infringing tools infringe combination claims 5, 6, 7 and 8 of the said patent in suit." (App. A, Pet. for Cert., p. A-4, emphasis added.)

[3] See note 4, *infra*.

The evidence in the record shows:

Cross-examination by Respondent of Petitioner's expert witness Watkins (Respondent-Plaintiff offered no expert testimony).

"Question: It has also been said that the lower surface is at a four or five degree to the direction of movement of the knife. Would you agree it is tilted?

"Watkins: Yes, it is tilted.

"Question: In that direction?

"Watkins: Yes.

"Question: The part of the knife at the front is quite sharp, is it not?

"Watkins: Yes, it is.

"Question: The part that you refer to as first in entering or engaging the ice?

"Watkins: Yes.

"Question: May I ask, sir, that if the bottom plane is tilted to the direction of movement, does not that blade immediately begin to push the ice down the wall as it contacts the ice, the very front of the blade?

"Watkins: As soon as it enters, if does, yes." (Tr. pp. 685-686.)

Additionally, Respondent admitted the basis for trial court's finding 12 by its own service manual.[4] Thus, the Seventh

| Respondent's (North Star's) Service Manual | Claim 4 of Petitioner's Patent No. 2,659,212 |
|---|---|
| "* * * the tools enter the ice, the ice is parted at intervals of about one and a half inch . . . | "* * * scoring the ice along its exposed surface in an array of spaced grooves throughout the extent of the freezing surface |
| *and* | *and* |
| a downward thrust is exerted on the edge of the ice, thus affecting ice removal." | then forcing the ice in the direction transverse to the direction of scoring by pressure applied along the grooves to shear the bond between the ice and the surface to which it is frozen." |

[4] Respondent's principal admitted their service manual described how the North Star machines functioned. Tr. p. 103; See Pet. for Cert., p. 11, Printed Appendix Brief for Pl.-App., pp. 260-261.

Circuit findings are demonstratively fallacious. In order for the Respondent's knives to extend into the ice they must necessarily enter the ice. The only way the knives can enter the ice is for the leading edge to cut into the ice.

The utter impossibility of the Seventh Circuit's findings being correct is one reason why Rule 52 properly confines appellate courts to reviewing the finding of the trial court instead of de novo functions. Here, the trial judge was well aware of the fact problems and the importance of expert testimony.[5] This Court, in *Graver*, directly held Federal Rule of Civil Procedure 52(a) applicable to patent infringement cases:

> "To no type of case is this last clause [of rule 52] more appropriately applicable than to the one before us, here the evidence is largely the testimony of experts as to which a trial court may be enlightened by scientific demonstratives." *336 U. S. 271, 274.*

Petitioner submits that the Seventh Circuit opinion is in such *direct* conflict with the *Graver* holding that this Court would even be warranted in *summarily reversing*.

**4. No File Wrapper Estoppel Exists**

The Respondent's argument of file wrapper estoppel is without merit. As Petitioner had previously pointed out (Pet. for Cert., p. 11), the determination by the trial court

---

[5] "By Mr. Wood [counsel for Respondent]: We have felt that they [exhibits] speak for themselves. It is almost a matter of argument in such a simple thing.

"By the [trial] Court: They speak for themselves if the judge has an ear that can understand them, but these exhibits don't speak so well as I hear it from the witness stand from an expert who impresses me or with the one who doesn't impress me.

"It is not easy to follow a patent case and to retain different versions of it, but it is easier to follow them by expert testimony." (Tr. pp. 721-722).

that the Respondent's device infringed the valid and allowed claims of Petitioner's invention, factually precludes resort to the estoppel doctrine. (See Finding 12, set out this Reply p. 4.) The Seventh Circuit's argument on estoppel rests entirely on its erroneous rejection on the trial court's finding 12 (p. 5, *supra*). Respondent's brief (p. 9) does not even attempt to meet the Petitioner's argument (Pet. for Cert., p. 11).

**5. Litigation in Other Courts**

Respondent urges that certiorari be denied because "the patents involved have not been litigated in any other circuit." (Brief in Opposition, p. 7.) The above statement is now true. However, there is litigation involving the same subject matter in the Exchequer Court of Canada styled Lyle E. Branchflower (Principal of Respondent here), Plaintiff, and Akshun Manufacturing Company, Defendant, court number 159052. In the case at bar Respondent claims not to have infringed Petitioner's patent. In the case in Canada Respondent's Principal claims to be the inventor of the device covered by Petitioner's United States patent. As previously noted, the trial court expressly found that the Respondent was wrongfully attempting to pirate Petitioner's patent.[6] The erroneous Seventh Circuit opinion could cause difficult comity problems in the Canadian litigation. In addition, if the Seventh Circuit opinion stands, it necessarily will foster other litigation on the patents in other circuits. A ruling by this Court now can preclude the necessity for considerable protracted litigation.

[6] See note 2, p. 3, *supra*.

**6. Valid Reasons For Granting Writ Exist**

The Petition for Certiorari presented two recognized grounds for Supreme Court review: (1) an important question concerning the application of Rule 52 to Patent cases in which the decision below was in conflict with an applicable decision by this Court, and (2) a striking departure from the accepted standard of appellate review calling for an exercise of this Court's supervisory powers. The validity of these reasons is detailed by references to the trial and appellate court opinions and to the record. Respondent's counter argument relies basically upon the fact conclusion of the appellate court and thus begs the very issue at hand. Moreover, Respondent suggests this Court should not grant certiorari because the Seventh Circuit in other cases has applied the clearly erroneous mandate of Rule 52. (Brief in Opp. pp. 7-8.) Rule 52 is not a rule of convenience which the Seventh Circuit can arbitrarily apply to its own choosing. And while the courts of appeal are normally the terminal court in patent litigation, this is because the Supreme Court is primarily concerned with important questions of law and not specific fact disputes of infringement. The case at bar, however, presents the broad question of law involving the standard of appellate review, a question all the more important for this Court to decide because the circuit courts, who must apply such rule, are apt to be the courts of last resort in patent cases. Although the Petitioner believes the *Graver* decision in itself is sufficient to warrant reversal of the instant case, over 10 years have

passed since that decision with a corresponding increase in the need for this Court to completely clarify the application of Rule 52.

## CONCLUSION

For the foregoing reasons, the Petition of Certiorari should be granted.

Respectfully submitted,

WILLIAM VANDERCREEK,
3315 Daniels,
Dallas 5, Texas,
*Attorney for Petitioners.*